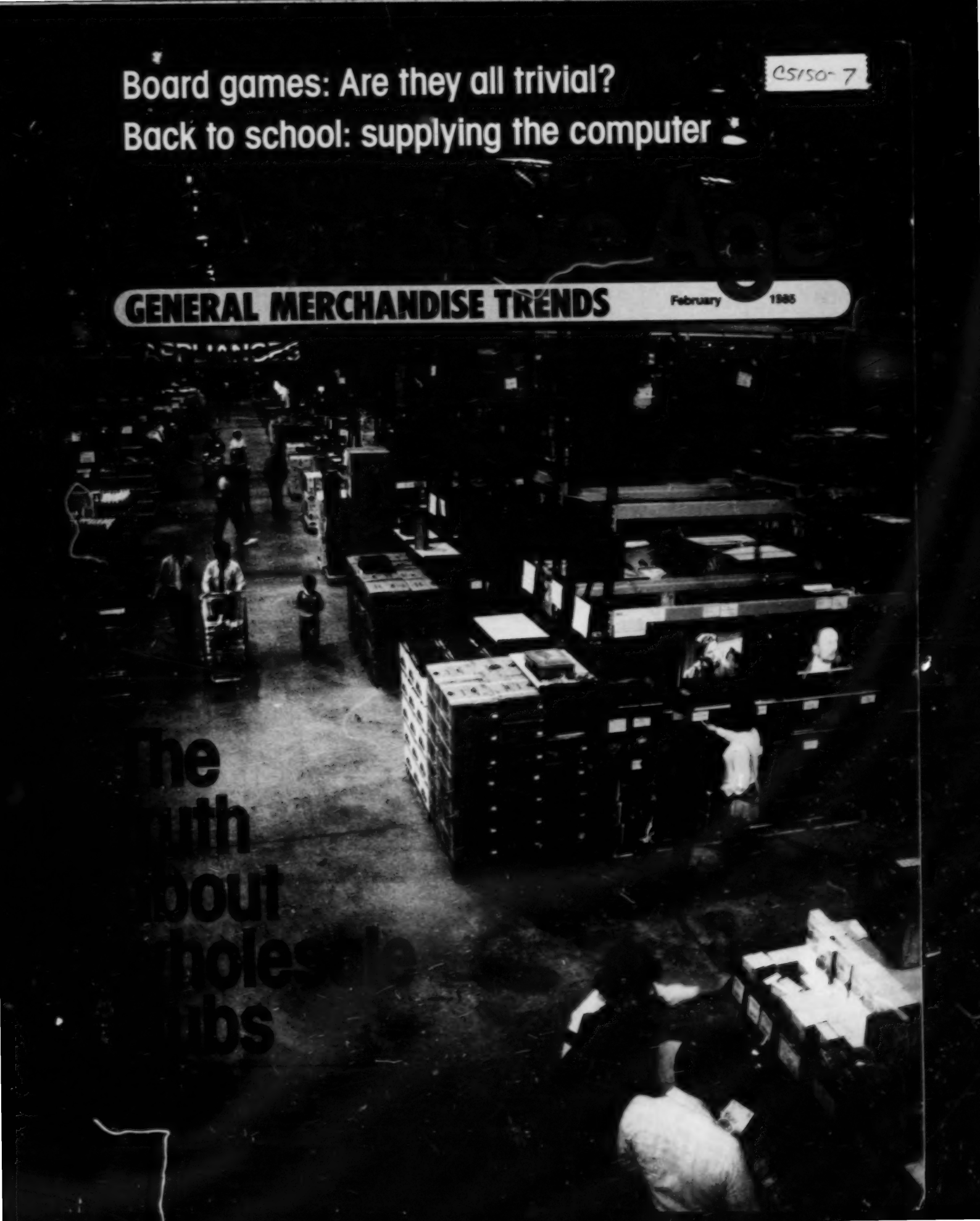
Board games: Are they all trivial?

Back to school: supplying the computer

CS150-7

GENERAL MERCHANDISE TRENDS

February 1985



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Discount stores received high mentions from a coveted, upscale demographic group as the place to purchase a variety of hard and soft line goods.

Discounters get consumers' votes

This may be the year of the discount store.

A comparison of responses from identical consumer surveys conducted by *Chain Store Age/Better Homes & Gardens* over the last two years shows that consumers dramatically increased their mentions of discount stores as the type of outlet in which they would make a wide range of hard lines and soft lines purchases.

Of 27 areas studied, discount stores received significantly higher mentions for 18, while slipping in just one. By comparison, consumers gave department stores higher numbers in just four categories and lower figures in five. Specialty stores had a plus-three and a minus-six score.

CSA/BH&G conducted the surveys in August of the last two years. Respondents were chosen from a projectable cross section of *BH&G's* subscriber base. For the '84 survey, 423 households responded. For '83, 416 did.

The sample represents a population that, while different from the

Discounters poised for market share gains

	Dept. store		Discount store		Sears		Penney		Ward		Specialty store		Catalog showroom		Variety store	
	'84	'83	'84	'83	'84	'83	'84	'83	'84	'83	'84	'83	'84	'83	'84	'83
Consumer Electronics	6.8%	8.7%	35.8%	32.8%	4.8%	4.4%	3.3%	3.5%	0.8%	0.8%	47.1%	44.8%	4.1%	3.8%	1.8%	1.8%
Housewares	17.5	19.7	48.7	43.9	5.4	4.8	2.1	1.7	1.2	1.8	8.3	8.8	4.8	7.2	7.8	7.7
Stationery	15.8	18.4	38.5	27.2	0.9	—	0.2	0.5	—	—	34.8	36.1	—	0.2	11.3	14.4
Books	9.9	8.6	38.1	14.2	0.5	—	0.2	—	—	—	38.0	65.8	—	—	4.8	4.1
Giftware/ novelties	21.5	24.2	28.9	14.4	0.7	—	0.5	1.8	0.2	0.5	28.8	27.7	3.1	4.8	8.7	8.8
Health & beauty aids	14.5	13.9	31.5	46.8	0.7	0.2	0.3	—	0.5	—	7.5	10.3	0.2	—	10.2	9.4
Cosmetics	20.8	47.7	26.8	23.8	0.7	0.2	1.2	0.8	—	0.2	7.5	7.9	0.5	0.7	4.7	9.6
Fragrances	31.1	32.9	25.8	21.3	0.8	—	1.4	1.2	—	0.2	5.2	5.9	0.5	0.7	3.3	5.8
Luggage	32.5	32.8	34.1	18.7	0.4	4.8	0.3	0.2	1.8	1.4	3.8	10.8	10.4	10.8	0.5	1.9
Furniture	16.3	16.3	3.1	3.6	0.4	0.3	0.7	0.7	1.8	1.3	62.9	66.7	2.8	2.9	0.2	0.7
Domestics	34.1	28.8	18.1	12.8	7.3	6.8	3.8	8.5	1.2	1.8	23.8	27.8	1.4	0.7	3.1	2.6
Hardware	3.8	6.8	22.2	10.8	1.8	10.6	—	0.2	0.2	0.7	47.8	46.8	0.7	0.2	4.8	4.8
Paint	4.6	2.8	16.4	16.4	10.8	26.8	0.2	0.2	1.7	2.4	44.8	43.4	0.8	0.2	3.8	2.8
Auto parts	3.1	3.4	20.8	22.8	3.5	13.8	0.2	0.5	0.8	0.7	48.8	46.6	—	—	2.8	3.4
Sewing needs	14.8	13.2	21.3	19.8	1.4	3.1	0.7	1.4	0.8	0.2	48.8	48.3	0.2	—	10.8	10.1
Major appliances	4.8	8.1	3.8	8.8	28.8	28.8	0.7	1.4	4.8	2.4	38.8	33.7	1.8	4.1	8.8	—
Carpeting	3.8	12.7	6.8	3.4	7.8	6.8	0.7	0.7	0.8	0.8	66.2	66.7	0.7	1.4	0.8	0.2
Toys	12.8	11.1	46.4	46.8	7.8	2.4	0.8	1.8	0.8	1.8	16.8	20.8	2.8	2.6	0.8	0.8
Hobby/ crafts	7.8	4.8	34.8	22.4	1.2	0.7	—	1.2	0.8	—	48.8	58.2	0.7	0.2	0.1	7.2
Garden furniture	24.1	19.8	28.7	31.2	6.4	6.8	3.1	2.2	2.1	2.2	15.8	27.4	4.8	0.2	1.4	1.8
Garden supplies	8.2	7.8	42.8	46.2	6.6	7.8	0.2	0.8	4.8	1.8	28.1	28.8	1.4	0.7	7.1	6.8
Women's wear	12.8	46.8	12.2	12.4	6.8	4.8	7.8	8.7	1.1	1.8	8.2	10.7	—	—	1.4	1.4
Men's wear	16.8	46.8	11.2	11.8	6.2	7.8	10.2	13.8	1.8	1.8	8.8	8.3	—	—	1.1	1.8
Children's wear	36.6	28.2	16.8	17.8	8.8	12.1	10.8	17.8	1.2	2.8	3.1	4.1	—	—	1.2	1.1
Women's accessories	36.8	33.1	16.8	16.8	6.8	1.7	4.2	2.6	8.8	8.8	7.1	7.2	8.8	1.2	2.8	3.4
Men's accessories	36.1	38.2	17.1	18.8	1.8	2.8	4.2	3.4	8.2	8.7	8.8	8.2	8.7	1.8	2.8	3.1
Jewelry	37.8	37.4	18.8	7.8	1.8	1.4	1.8	1.4	8.2	—	38.8	48.8	8.4	7.7	1.4	1.7

national demographic breakout, is nonetheless a highly coveted audience. BH&G readers are more upscale than the national average. Their mean income is $34,576 compared to $23,610 for all United States family households.

Aside from the pure increase in discount store mentions by households responding to the survey, a deeper look at the numbers reveals that the discount segment has remarkable strength among highly prized demographic groupings.

For example, the overall gain for housewares of just over 5% was more than doubled for the 18-34-year-old subgroup and for households earning over $35,000 a year.

The discount stores' improved ratings came even in categories that have been traditional specialty store havens. Specialty stores showed a decline in books of nearly 10%, a falloff that was across all age groups. Meanwhile, discount stores had more than a 6% increase in consumers aged 35-49, college graduates and all income levels.

Perhaps most indicative of a possible shift in purchase patterns are the responses for cosmetics, accessories and jewelry. These traditionally powerhouse department store categories experienced erosion in all but the jewelry area, while discount stores increased their mentions across the board.

One area that discounters failed to dent department and specialty stores was consumer electronics. The consumer electronics score reflected in the chart is a compilation of five specific products (computers, computer software, video games, video game cartridges and records) and an overall consumer electronics listing.

For the most part, apparel scores remained stable. The area with the most changes was children's wear. Department stores had higher mentions while Sears and Penney came in with lower scores. Thirteen items comprised the children's wear category: boy's/girls' pants/slacks, jeans, tops, boys' socks, boys' underwear, girls' hosiery, girls' coats/jackets, infants' tops, infants' bottoms and infants' coats/jackets.

For women's wear the survey included dresses, hosiery, blouses, sweaters, jeans and lingerie.

Men's wear included a dress shirt, a polo shirt, slacks, jeans, sweater, dress socks and underwear. □

Some retailers predict that the hottest items of '84 will not top the charts in '85—except VCRs, which win all votes.

VCRs fast forward for '85

Video cassette recorders are superstars. Transformers, Trivial Pursuit, and even Cabbage Patch Kids are merely stars that probably reached their peaks last year.

Those are some of the conclusions of an exclusive *Chain Store Age* poll of merchandise managers. Asked to pick the hottest and most disappointing products of 1984, and to predict what they expected to be the hottest in 1985, the merchants overwhelmingly endorsed VCRs as the item of the past and future.

Merchants feel the Cabbage Patch Kids craze will wane in '85.

Fully half of the respondents, representing department, discount and variety stores, ranked VCRs as the second best product of '84 and the No. 1 prospect for '85.

The group was more sanguine about Cabbage Patch Kids' long-term superstar quality. While 60% rated the homely faced dolls as the best movers in '84, only 20% thought they had enough legs to continue to jump off the shelves this year at a record pace.

Similarly, the merchandise managers changed their views on Transformers, 30% rating them highly in '84 but just 15% doing so for '85.

Transformers at least rated mentions for '85. Trivial Pursuit failed to receive one listing after capturing 35% of the vote for '84.

Of course, much as the merchandise managers would like to be considered the acknowledged "experts," even they are humble enough to admit their shortcomings. Said a retailer from Maxway discount stores, "Everything would be unpredictable at this time."

In planning for 1985, retailers are tempering their enthusiasm with the reality of 1984. "In all, it was a fairly satisfying year, and we'll react next year by trying to get by with less inventory, like everybody else," said one merchant.

In the nation's breadbasket, Pamida, a discount store chain, "expects 1985 to be a difficult year. The Federal deficit and new tax law uncertainty, combined with continued pressure on the farm economy, dictates caution."

What is making the business so unpredictable is the fact that items are the fuel that drives sales. From Ivey's-Carolina came the lament, "Part of the retailer's problem in 1984—not enough items."

Added another, "The whole business is becoming more and more an item business—must get on board quickly, fight for limited goods and know when to back off."

Items, items everywhere: So, what are the items expected by merchandise managers to pace sales this year? After VCRs, the choices are far from unanimous.

Three products pulled 20% of the votes: Cabbage Patch Kids, home computers and exerci

Supers jump into movie rental market

The question of where the movie rental business will settle once it grows large enough to be considered a mass market business may be answered by supermarkets.

Although general merchandisers, especially those which sell video hardware, would seem natural outlets for movie rentals, supermarkets have taken an early lead in this category. As early as two years ago Safeway and Kroger, the nation's two largest supermarket chains, installed rental centers in selected combination food and general merchandise stores on the West Coast and in the Southwest.

Now Pathmark, a major Northeastern chain, has rolled out what may quickly become the most extensive entry into the movie rental business by a mass market chain. Thirty Pathmark stores in New Jersey, New York and Connecticut opened Video Movie Rental Centers last year and more openings are scheduled for 1985.

The stores are surprisingly well-stocked with a wide variety of movies. Each center contains about 500 movies in categories ranging from contemporary to foreign to children's to classics.

Not surprisingly, Pathmark's program is also competitively priced. The rental fee is just $1.99 a day, which is on the low side for movie rentals in the Greater New York market. Perhaps more important, however, is that Pathmark requires no club membership fee to rent movies. Patrons need merely leave a credit card voucher on file. That compares favorably with most video clubs in the area which have yearly fees ranging from $25 to $75.

One major objection to the rental business in mass market outlets is that it requires a great deal of service. Pathmark has solved that problem by locating its centers at its photo counters, which are usually staffed from 8 a.m. to 9 p.m. on weekdays.

Software shifts to educate adults

Children's educational software will show the number of software titles which are targeted to preschool and grade school children dropping from 70% of the market last year to 50% in 1990, according to Venture Development Corporation. The Wellesley, Mass.-based market research firm further predicts that software designed for high school and middle/junior high school students will take on increasing importance.

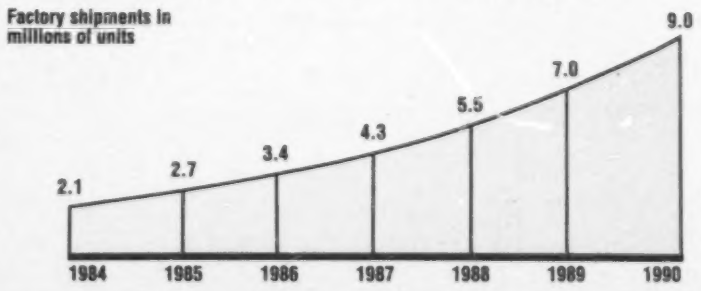
Venture Development also expects the adult-oriented educational software, including job related training and general enrichment programs, will increase in importance, accounting for almost 35% of 1990 shipments.

Factory shipments of educational software will increase from 2.1 million units in 1984 to nine million in 1990, according to the market researchers. Venture Development anticipates the factory value of educational software will grow from $42.2 million last year to $211.5 million in five years.

Commenting on 1984's less than expected sales for home computer software, the market research firm says: "The spectacular sales growth which characterized educational software in 1982 and 1983 has reached a plateau for a variety of reasons. A cooling down of home computer hardware sales is one major factor. Price sensitivity is another."

"With almost 10,000 educational software titles available," says Venture Development, "parents can be overwhelmed when it comes to making a selection, particularly when so many are unexciting drill and practice programs."

Educational software to grow 27% annually through 1990



Source: Venture Development Corporation

Computers say goodby to B'way

When The Broadway Southern California totals its fiscal year-end inventory this month, the count should confirm the Carter Hawley Hale department store chain's exit from both computers and software. The Broadway moved out its last Commodore 64 below cost at $133 the week before Christmas, and similar price cuts for personal computers and software in January have probably cleared remaining inventory. According to a store source, the buyer for the category moved over to cookware last fall.

The Los Angeles-based department store's exit culminates a year of missteps in both categories. Either unable to close deals with Apple and IBM, or unwilling to meet their conditions, The Broadway placed its bets on Franklin and Zenith computers instead. Sales for the Zenith micro never took off, and when Franklin moved into Chapter 11 its sales nosedived, according to the store source.

In software, The Broadway bet heavily on Atari, and as hardware sales leveled, software failed to take off. At presstime it was unclear what would fill the department's newly cleared space.

Blank video tapes to lead in '85

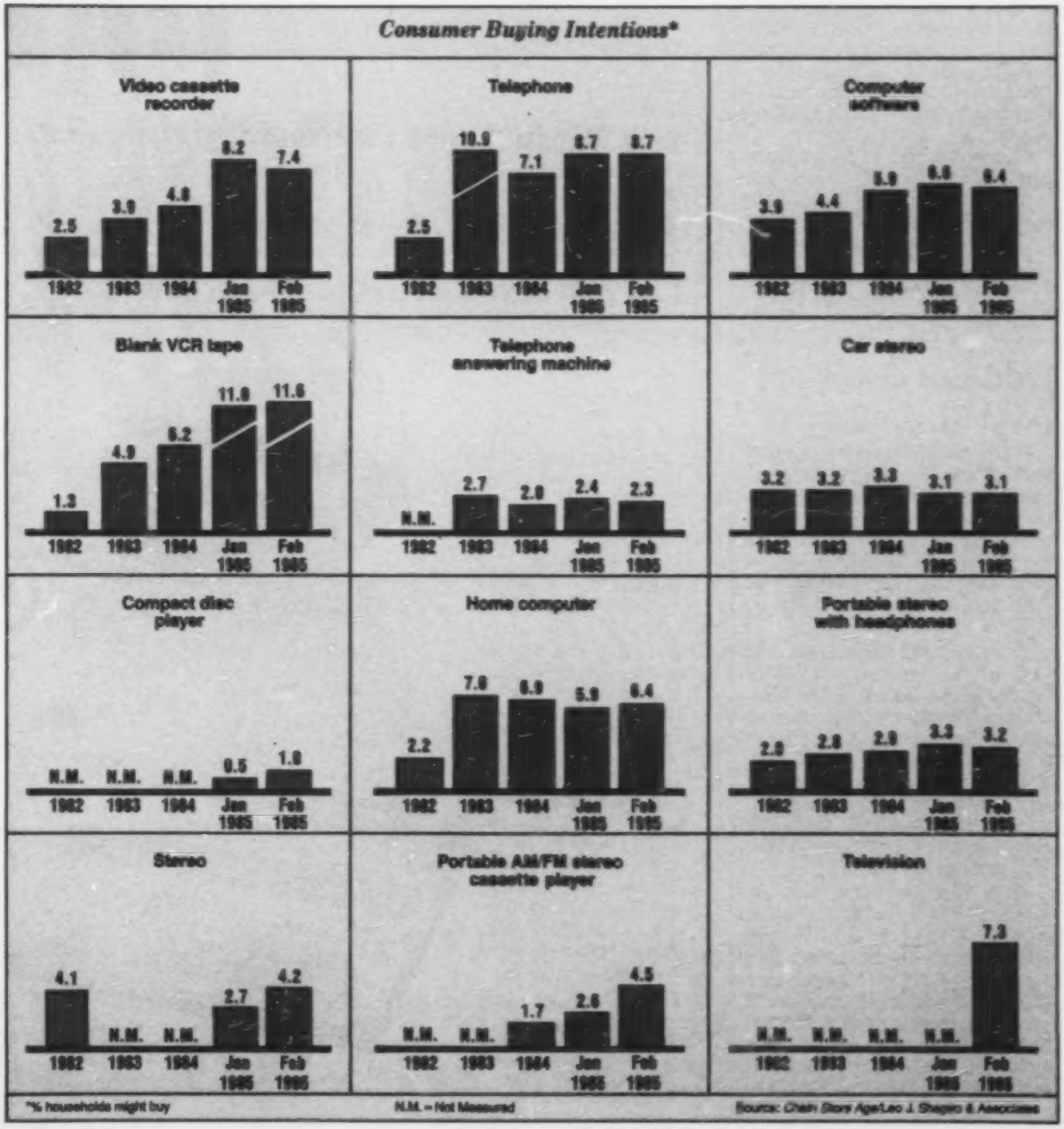
The top three consumer electronics products in the next year, according to *Chain Store Age* MarkeTrends research, will be blank video tapes, telephones and video cassette recorders. Televisions rank a close fourth.

The sales boom in video cassette recorders, however, may be showing signs of leveling off. For the first time in four years of study, the number of consumers who report they intend to buy a VCR in the next 12 months is less than the previous reading.

Although the 0.8% drop is well within the realm of statistical error, it was a similar 0.1% decrease in 1984 that successfully predicted the leveling in consumer interest for home computers.

In contrast, the surge in consumer buying intentions for blank video tapes continues unabated. In the February survey, nearly twice as many report they intend to buy blank tapes than the number who expected to buy as recently as last August.

Interest in telephones remains at the same high level measured last month, but well below the extraordinarily high levels reported immediately before the breakup of AT&T. Still, both January and February readings are well above last summer's slight dip in interest. □



Blank video tape brand loyalty wavers

Consumer interest in blank video tapes continues on an upward swing. According to *CSA* MarkeTrends, 11.6% of those surveyed intend to buy blank tapes in the next year. Last month the figure stood at 11%.

If sales of VCRs themselves have actually peaked (as so far indicated by this month's measurements), experience shows that sales for blank video tapes will also level by mid- to late-summer. The VCR results, however, are extremely preliminary, and caution should be exercised in interpreting them.

Meanwhile, the battle for market share is heating up as consumer brand allegiances are unstable. Last August the top three preferred brands were Scotch, Maxell and Memorex. Only six months later Sony is at the top of the list, chosen by 14.2% of those surveyed, followed by TDK with 10.2% and Scotch at 9.9%.

Though only 1 in 20 of those interviewed (5.8%) say that brand doesn't make a difference when it comes to video tapes, the number of respondents who claim they definitely or almost definitely want their chosen brand has declined from 46.3% in last summer's survey to 38.3% in the February poll.

Consumers show no real brand loyalty for blank VCR tapes

	February 1985	August 1984
[illegible]	[illegible]	[illegible]
Sony	14.2	6.8
[illegible]	[illegible]	[illegible]
Scotch	9.9	22.4
[illegible]	[illegible]	[illegible]
Memorex	7.2	9.1
[illegible]	[illegible]	[illegible]
Store brand	5.9	4.4
[illegible]	[illegible]	[illegible]
Other	18.7	23.9

N.M. – Not measured
Source: *Chain Store Age/Leo J. Shapiro & Assoc.*

The most recent MarkeTrends survey suggests that while prospective blank video tape buyers have decided in favor of brand names, they do not perceive any differences among the major players. □

Brand, price big in home computers

Consumer interest in owning a home computer is holding steady.

Computers proved a disappointment for many retailers last year, but according to *CSA* MarkeTrends consumers still express high interest in owning a home unit. In the February survey 6.4% say they expect to buy a computer in 1985. This compares with the 7% who intended to buy in the December 1983 study and 6.9% in the August 1984 poll.

What has changed is how much consumers expect to pay, what brands they intend to buy, and where they will purchase a home computer.

As recently as last August, the median price consumers expected to pay for a home unit stood at $700. Only six months later that figure has jumped to $1,000. Consumers express the greatest interest in the $1,000-$2,000 price range with about 3 out of 10 (29.2%) responding this is what they intend to spend. Another 15% say they expect to pay over $2,000.

When it comes to brand, consumers have narrowed the players to three: Commodore, Apple and IBM. More than 3 out of 4 (75.6%) prospective computer buyers cite one of the top manufacturers. Commodore still leads the list as the choice of 27.5% of those polled, followed by Apple at 26.9% and IBM with 21.2%.

Atari, which was the choice of 6.6% of prospective home computer buyers in the August 1984 study, was not mentioned by a single respondent in the current survey.

Though consumers appear sure of what they intend to buy and how much they expect to spend, they also show greater uncertainty over where they intend to make their purchase.

Perhaps reflecting the general unavailability of both Apple and IBM products in the retail outlets consumers are most familiar with, almost half (49.6%) do not answer when asked where they will make their computer purchase. This compares with 35.6% who did not respond in the August survey.

Home computer market moves to high-end

How much do you expect to pay for your next home computer?

	August 1984	February 1985
Under $100	2.0%	0.9%
[illegible]	[illegible]	[illegible]
$200-$299	10.5	5.3
[illegible]	[illegible]	[illegible]
$500-$999	20.4	12.4
[illegible]	[illegible]	[illegible]
Over $2,000	9.5	15.6
[illegible]	[illegible]	[illegible]

Source: *Chain Store Age/Leo J. Shapiro & Associates*

Consumers also appear unsure how they will use their computers once they buy them. Though home use outnumbers business use by a 3 to 1 margin, 76.7% do not answer when asked what function their home unit will fulfill. □

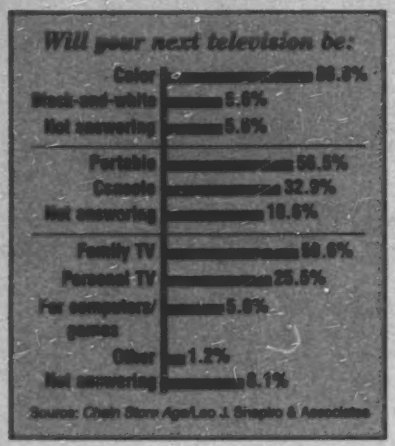
TVs: Remotes out, portables in

The television consumers intend to buy in the next year will be a color portable used primarily for family viewing, according to *CSA* MarkeTrends. On the average consumers expect to spend $537.

Even though the typical household already owns an average 2.2 TVs (1.8 are color sets), 7.3% in the February study expect to buy yet another television in the next year.

Color sets will outsell black-and-white models by about a 16 to 1 margin. Prospective television buyers also expect to buy nearly twice as many portables as consoles.

While 39.1% of households report owning a TV that is used primarily for personal viewing, 25.5% of the



consumers expect to buy sets for single-person use. Almost 3 out of 5 households (59.6%) say the sets to be bought in 1985 will be used for family viewing.

Zenith is the preferred brand, mentioned by 28.9% of those polled. RCA comes in second with 20.2%, followed by Sony at 17.5%.

When asked how much they want their chosen brand, consumers show more loyalty to TVs than to any other consumer electronics product ever studied by *CSA*. A full 40.5% report they definitely want their stated brand.

One surprising result in the February poll shows that consumers do *not* expect to buy televisions with remote control. Of those with a preference, about twice as many prospective TV buyers will purchase sets without remote devices. □

TVs adapting to the changing picture

Here's one of those intriguing numbers that makes its way across your desk from time to time. Preliminary results from *Chain Store Age* MarkeTrends research indicates that about 1 out of every 10 homes in the United States has a television which is used primarily with either a home computer or an electronic game machine.

From this information alone, it's tempting to predict that the potential market for computer- or game machine-dedicated televisions is anywhere from one to about seven million units annually. Perhaps buoyed by similar research results, at least one major television manufacturer has introduced a model which switches between the normal broadcast signal and the high resolution required for computing.

But take a closer look behind the statistics and a different picture emerges. Our preliminary MarkeTrends figures also show that only 1 in 50 prospective television customers expect to *buy* a TV dedicated primarily to computing or game playing. What appears to be happening in the marketplace is that consumers are replacing the family television set and relegating the old set to game playing and computing.

The purpose of this exercise is neither to knock the computer monitor/broadcast signal sets nor to shake your confidence in statistics. Rather it is to illustrate the complexities of new undercurrents in marketing and merchandising televisions.

At one time, selling televisions was pretty straightforward. There was the black-and-white set in the living room where the family gathered to watch programs broadcast by a local station. Then came color, followed by cable, MTV, stereo, video cassette recorders, video discs, monitors, video game machines, home computers, remote control, under counter models, projection models, portables and even pocket models.

Once all it took to piece together a television assortment was a knowledge of the brands consumers demanded and the price they could afford to pay. Today a successful retailer must also know: who is going to view the set; in what room will the customer watch it; will the set be tuned to broadcast or off-air services, and (as in our example above) will a new set be purchased to fill a new function or will a hand-me-down do just as well.

Retailers must now have a strong handle on what prospective customers expect of the television they intend to buy. Being strongly assorted in family-viewing televisions will be of little help if what consumers are shopping for are TVs intended for personal viewing, and *vice versa*.

Traditionally, television assortments have often been built in a triangle: brand names that consumers expect to find, at least one promotional line, and a top-of-the-line where higher margins can be maintained. To that traditional mix, retailers must now add the features that changing television viewing habits dictate.

That's where *CSA* MarkeTrends comes in. With about three televisions in every household already, TVs have become almost as ubiquitous as radios. And like radios, the models and features consumers want change with where they expect to use each set and for what purpose.

This month's MarkeTrends takes a close look at televisions. I am sure you will find some of the results surprising, others reassuring. In the coming months, we'll take an even more detailed look at the specific television features consumers expect in the TVs they'll buy in the next year.

—Rick Gallagher

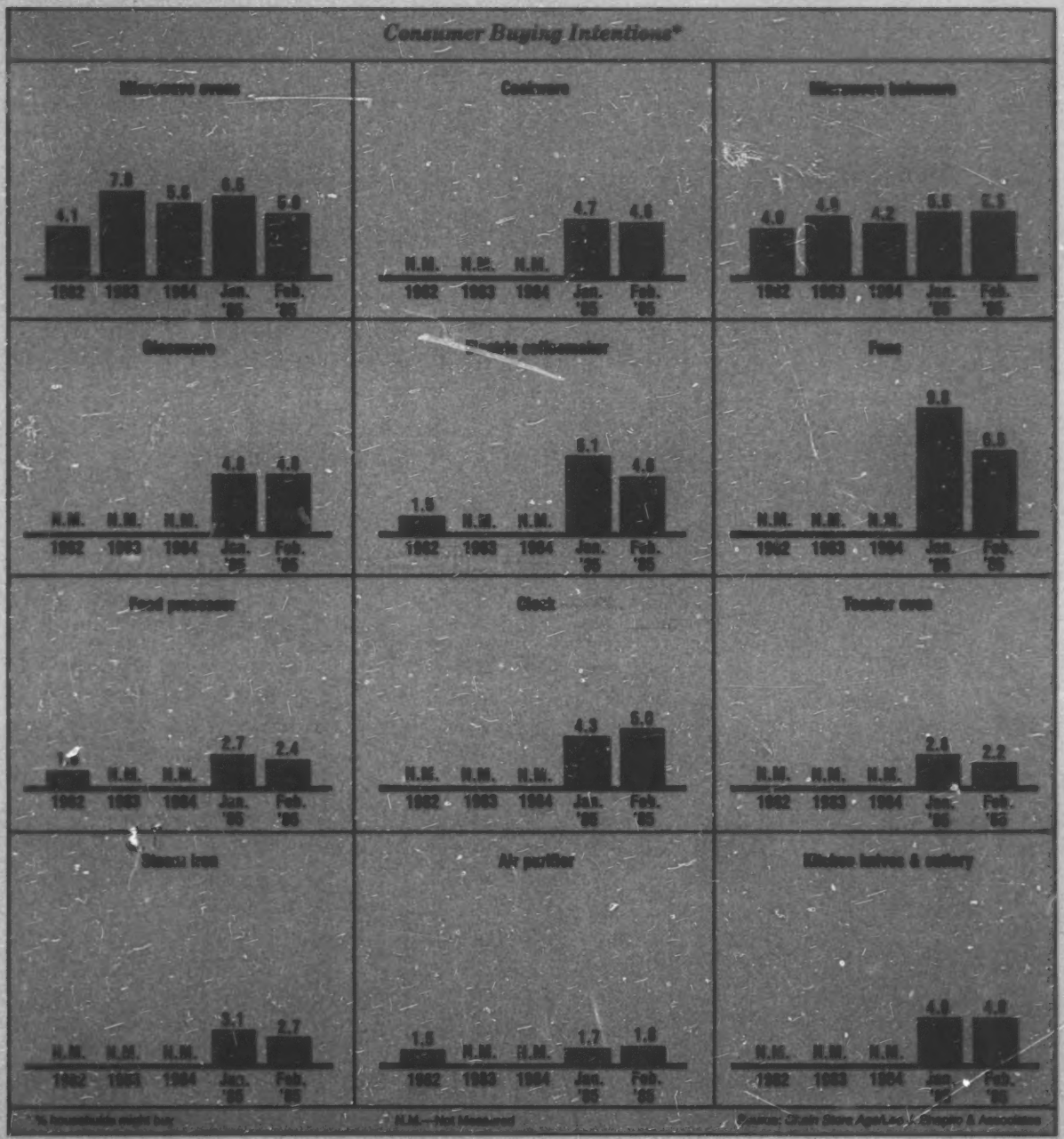
Shopper intensity stable in February

At first glance the housewares market may be in for rough times, according to the latest *CSA* Housewares MarkeTrends. However, a closer look at the numbers reveals that while there may be some reason for nailbiting, all is not as dire as one might think.

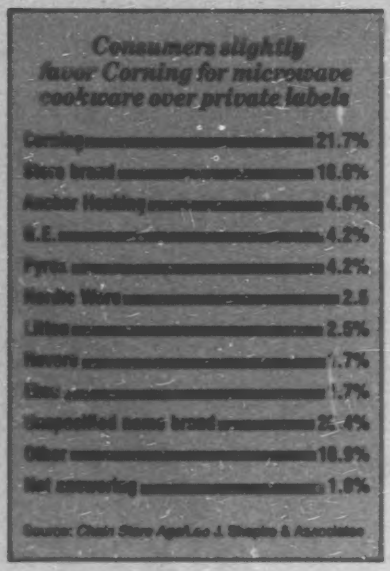
The reason for initial pessimism is that 7 of the 12 items studied monthly by *CSA* and Leo J. Shapiro and Associates have lower consumer buying intentions for February than they did for January. Indeed, only clocks and air purifiers improved their ratings over the previous month.

However, a review of shopper intensity, that is, how aggressively consumers are shopping for the 12 specific products, reveals that there is no change for 11 items. Only food processors came in with lower shopping intensity.

The housewares market is not as volatile as it is for consumer electronics. Of the 12 electronics items studied, shopper intensity was stronger for five items, weaker for six and stable for just one. □



PL vs. branded microwave cookware



Nearly 1 out of 5 consumers may be ready to purchase private label microwave cookware, according to the latest *CSA* Housewares MarkeTrends report. But strong marketing could shift them to advertised brands.

Eighteen per cent of the households expressing a specific brand preference chose a store brand compared to 22% who opted for the most popular name brand, Corning.

The challenge to branded and private label marketers can be seen in the way consumers responded to the brand question. To the overall inquiry, "What brand would you buy," 71.5% had no brand preference. Clearly marketers have fai[illegible] to imprint their messages in consumers' minds.

From the 29.5% subgroup who gave a specific brand response, further analysis revealed that store brands received high initial support. But asked how strongly they felt that this is the brand they want, consumers began to waver. On a scale of 1-9, with 9 being "definitely want," consumers gave store brands only a 6.10 mean score. Those who mentioned an advertised brand gave a more firm 6.75 response. Store brand supporters thus appear more vulnerable to marketing efforts by branded resources.

Consumer education also would appear to be a smart move in light of the total sample's indifference to brand preference and the apparent low skill shoppers say they have when looking for microwave cookware.

Asked to rate "how good a shopper do you feel you are," microwave cookware shoppers rated themselves just 6.36 (9 is outstanding), while blow dryer shoppers said 6.60 and electric fan shoppers said 7.21.

When they are looking for microwave cookware, 19% of those naming a store would go to Sears, 18% to a department store, 14% to K mart, 16% to a different discount store, 12% Montgomery Ward and 5% to J. C. Penney. Previous purchases show a different representation: Sears dropped to 11%, department stores slipped to 16%, K mart dipped to 10%, other discounters zoomed ahead to 21%, Ward nosedived to 7% and Penney nearly doubled to 9%. □

Commodity status for blow dryers

When it comes to blow dryers, marketers would do well to remember that the majority of consumers view the item as a commodity. As such, price and convenient location are the prime reasons consumers choose a store.

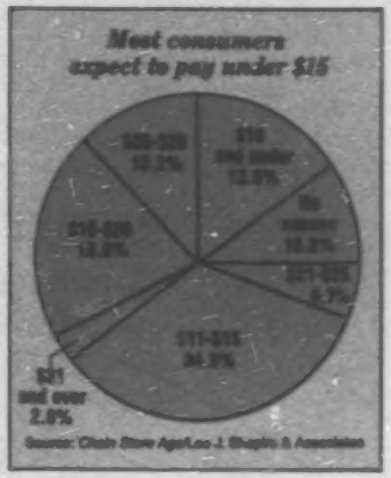
CSA's Housewares MarkeTrends study reveals that 38.1% of the respondents picked price/discount to describe their store choice. The only other double digit mention, at 13.5%, was location/convenient.

Both reasons are key strategies of discount stores and, indeed, discounters are the most frequently named stores where consumers would shop and have purchased blow dryers.

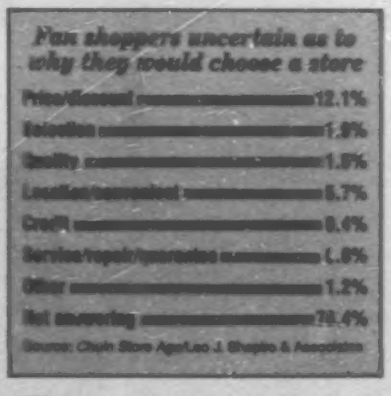
Fifteen per cent said they would go to K mart. Another 26% would go to other discounters. Sears and Montgomery Ward received 16% and 12%, respectively, while department stores had 7% and catalog showrooms 6%. Another indication of the commodity nature of blow dryers was the 6% vote given to drug stores, plus the 2% for supermarkets.

Actual past purchases transpired thusly: 12% K mart, 24% other discounters, 7% Sears, 5% Ward, 3% J. C. Penney, 14% department stores, 13% drug stores, 8% catalog showrooms and 2% supermarkets.

The higher number achieved by department stores shows that a higher priced market than the one found in discount stores does exist. While the median price expectation by consumers is just $15, a sizable 15% of the market will pay at least $26, according to *CSA* MarkeTrends. □


Most consumers expect to pay under $15
$16 and under 13.8%
$16-$20 12.2%
$16-$20 12.2%
$21-$25 6.7%
$26 and over 2.8%
Source: Chain Store Age/Leo J. Shapiro & Associates

Fan market turns to ceiling units



The electric fan market has hit the ceiling: a majority of consumers prefer a ceiling fan to circulate air.

Asked in the latest *CSA* House-

Shoppers seek quality at best price

Price is very important to toy shoppers, judging by where they shop and by how much they are willing to spend. But for the second year in a row, the largest group of shoppers (almost 75%) thought quality was the most important reason for choosing a place to buy toys.

In the *Chain Store Age/Better Homes & Gardens* survey of toy shoppers in 1984, however, nearly as many shoppers (73.1%) thought low everyday prices were also very important in determining where they shopped. Top shoppers, like most other shoppers today, have apparently become conditioned to a high degree of promotion. Specials and sales also influenced where they shopped in 1984, and more shoppers in '84 rated frequent sales as a very important reason for shopping where they did.

Despite this, shoppers were still most likely to head for a discount store to buy toys in '84—even more likely than in '83. Discount stores, which carry toys year-round but lack the space and depth of assortment of toy specialists, have been particularly hard pressed this year to maintain stocks of fast-moving items. The fact that they offer one-stop shopping is apparently not an important factor in their supremacy in the survey. The ability to buy more than toys when toy shopping was rated very important by less than one-fourth of all surveyed.

Shoppers consider price and quality very important

Reason	1984	1983
Quality products	74.9%	73.9%
Low everyday prices	73.1	72.9
Selection	69.1	69.7
Easy returns	67.8	61.6
Specialization	66.4	61.1
In-stock	64.1	61.8
Service/repair service	54.8	54.6
Past experience	53.7	46.9
Convenient location	49.6	36.9
Fast checkout	45.2	37.5
Frequent sales	42.6	36.2
Unique toys	34.0	34.6
Knowledge	33.6	29.5
Sell more than toys	22.3	18.1
Ambience	21.6	18.4
Other	1.9	1.3

Totals add up to more than 100% due to multiple responses.
*% of shoppers who rate these qualities very important
Source: *Chain Store Age/Better Homes & Gardens*

While discounters may still be on top, toy specialists, particularly toy supermarkets, gained some fans between '83 and '84. (Percentages listed for '84 in the chart include multiple responses, while '83 responses are first-choice only.)

In '83, it was the younger group of customers, those aged 18-34, who shopped toy supermarkets and specialists most often. In '84, customers aged 35-49 were the most likely to shop toy specialists, while the 18-34 group was still more loyal to toy supers.

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Discounters' strength in '84 apparently came from the younger 18-34 group, while the older customers were more frequent shoppers of discounters in '83. In both years, customers in households of four or more were the biggest fans of both discounters and toy supermarkets.

While shoppers in '84 said they paid slightly more on average for a toy, they are apparently buying fewer toys, as annual expenditures for toys did not rise accordingly. The largest group of shoppers in both the '83 and '84 surveys said they paid between $10 and $14.99 on average for a toy. Fewer shoppers in '84 paid under $5. Slightly more '84 shoppers paid between $15 and $19.99 or over $20.

In '84, slightly more shoppers spent under $50 annually on toys than in '83—about one-fourth of those surveyed. Those paying $50-$99.99 remained about the same over the one-year period, while fewer shoppers paid between $100 and $149.99 in '84 than in '83. Slightly more '84 shoppers paid between $150 and $199.99 for toys annually, and about one-fourth of all shoppers in '84 as well as '83 paid over $200.

*Shoppers still head for discounters to buy toys**

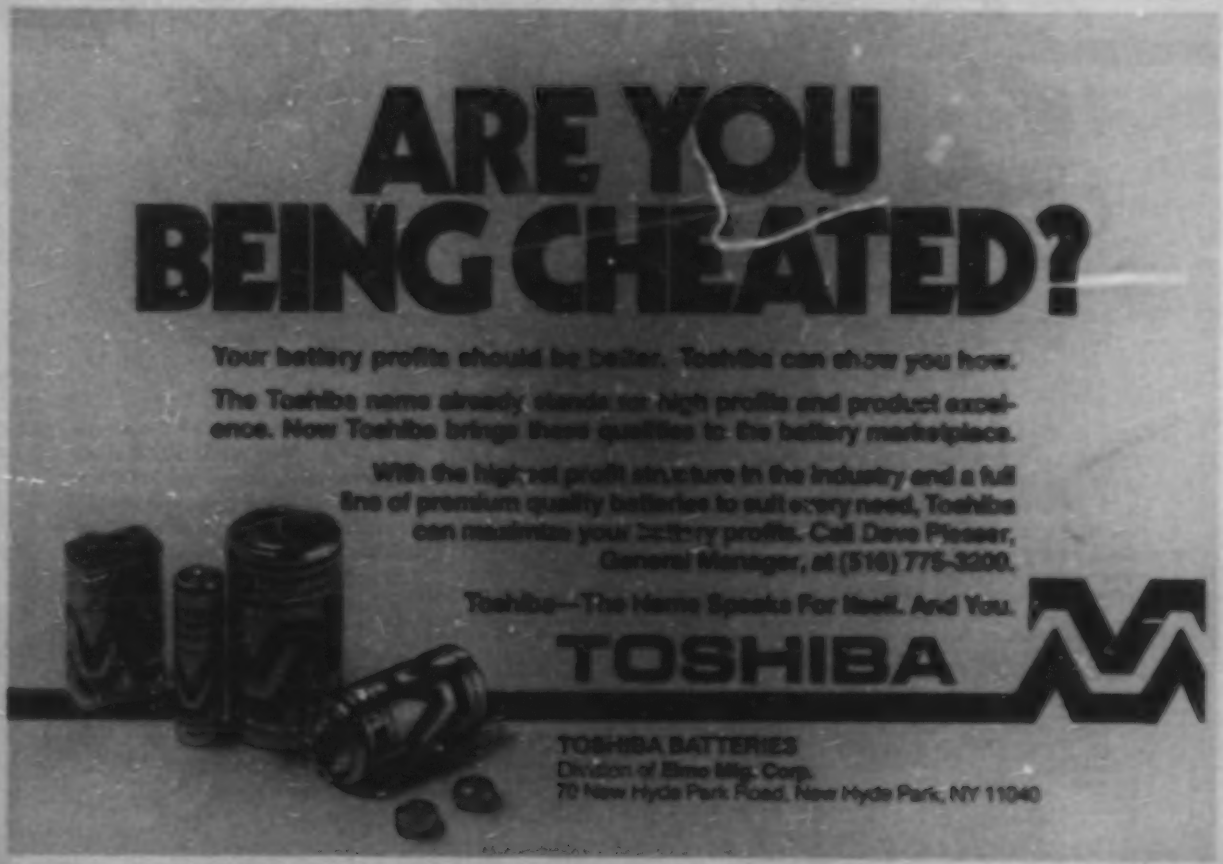
Type of store	1983	1984**
Discounter	68.5%	68.4%
Dept. store	12.7	12.8
Toy specialist	14.1	41.2
Sears/Penney/Ward	1.8	19.1
Variety store	8.7	7.3
Drug store	8.2	2.8
Other	1.8	11.8
Don't buy toys	18.8	11.5
Don't know	1.8	1.2

*No choice was ***Multiple mentions*
Source: Chain Store Age/Discount Merchandiser

Larger households were most likely to spend the most on toys in both surveys. The major difference: less than half as many four-person households in '84 spent under $50 on toys than in '83, and many more spent between $200-$350. Since these households are most likely to shop discounters and toy supermarkets, those chains were best positioned to pick up any gains in business in 1984. Toys "R" Us, for example, experienced record Christmas sales, but because of the highly promotional nature of the toy business this year and a slowdown in video games and home computers, sales were below plan.

Even though shoppers aren't spending more, they are somewhat happier with prices today. Slightly more than three-quarters of all shoppers rated toy prices "too high" in '84. That's an alarming percentage, but is less than the 8 in 10 who voted toys too high-priced in '83. Slightly more '84 shoppers felt toy prices were "acceptable" than in the '83 survey.

Shoppers apparently feel they are getting more for their money today, too. More than half of the '84 shoppers rated toy quality as good or excellent, up 10% from the '83 survey. More of those surveyed in '84 thought toy quality was better than 10 years ago, and fewer thought it was worse, than the shoppers surveyed in 1983. □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Underoos, A Division of Union Underwear Company, Inc. (502) 781-6400
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Thermos, a Household International Co. (408) 747-2700
King-Seeley Thermos Company (203) 887-1671
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Marvel Comics Group (212) 696-0808
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Don Post Studios, Inc. (818) 768-0811
Fundimensions (313) 949-4100
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Miscellaneous
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Comdial Consumer Communications Corp. (212) 389-0890
The McCall Pattern Company (212) 880-2600
Oral-B Laboratories (415) 856-5000

LICENSING

er and tracker of the toy industry says that sales for Monopoly through the first three quarters of 1984 "appear very strong," and manufacturers say the game's high recognition factor is a big plus.

"The game is part of American culture and its symbols are immediately recognizable," says Joe Klein, director of marketing at Ingrid in North Chicago. "The 50th anniversary celebration Parker Bros. is planning for the game will pull the licensing together nicely."

A Macy's Float: That celebration will include Monopoly tournaments, a float in the Macy's Thanksgiving Day Parade, sweepstakes and a stepped-up ad schedule. At least 11 manufacturers will attempt to tap interest generated by those events with products ranging from housewares to stationery to apparel.

"We're limiting the program to adult-oriented, better quality products," says Alan Gordon, director of licensing for General Mills Marketing and Design.

Ingrid's line will include ice buckets and pitchers bearing the waterworks symbol from the game. American Greetings, which holds the license for stationery products, will offer gift wrap, telephone address books and greeting cards. Nexus, a Wabash, Ind., company, will sell knit tops silkscreened with various symbols from the game.

"So many licenses are targeted at the children's market, that we decided to go with the Monopoly program because we think that with its adult orientation it will round out our line," says Joe O'Brien, director of product development at American Greetings. □

Stingy Santa hurts licensed products

In the most recent *CSA* poll, buyers report all licensed toy sales dropped off last November.

Although the same five licenses continue to inhabit the *Chain Store Age* list of fastest growing properties, buyers responding to the latest poll reported that sales in general fell off rapidly heading into Christmas.

"All licensed toy sales dropped off in November, mainly during the last part of the month," wrote a buyer from one discount store chain in what turned out to be an accurate barometer of the entire Christmas selling season.

The sales falloff was reflected in the number of licenses which received any mention at all from buyers. Increasingly, sales seem to be centering around the top five, with only two other properties, Care Bears and Super Heros, receiving any mentions this month.

The list of most rapidly declining licenses also remained virtually unchanged for the month of November. The list has just one addition, Knight Rider.

The *Chain Store Age* survey goes out to 100 toy buyers at discount, department, specialty and variety store chains. Numbers in parentheses indicate licenses' positions on last month's chart.

Showing most gains:
1. Cabbage Patch (4)
2. Gobots (5)
3. Rainbow Brite (3)
4. Transformers (1)
5. Masters of Universe (2)

Showing most falloff:
1. Jedi/Star Wars (1)
2. Smurfs (4)
3. A Team (2)
4. Strawberry Shortcake (4)
5. Knight Rider

Sales of licensed items fall off into the Christmas season.

NEW ATTITUDES HELP SPUR BTS

SPENDING

The baby boomers' attitudes about how much they are willing to spend on preparing their children for school are making retailers very happy in the BTS market.

The boomlet created by the baby boom generation seems about to produce a dramatic impact on the market for back-to-school merchandise. Not only is the number of school age children rising rapidly, but parents' attitudes about how much they are willing to spend to prepare their children for school are changing in ways that will bring smiles to retailers' faces.

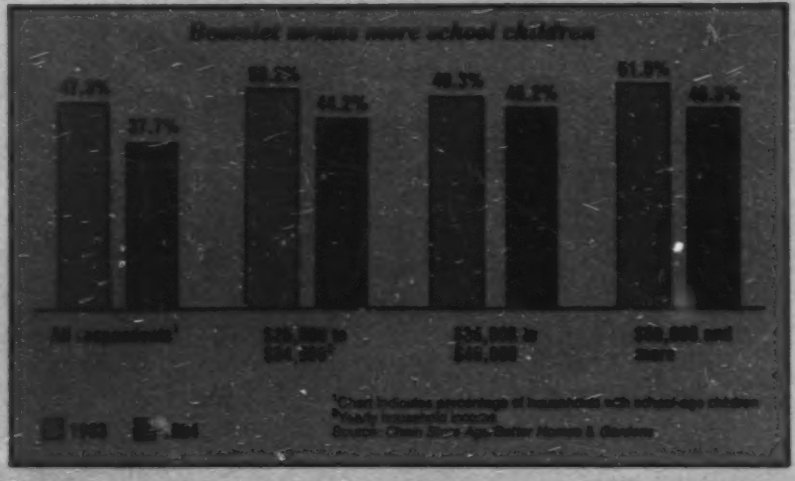
In just one year the number of families reporting school age children rose 27%, according to a survey by *Chain Store Age* and *Better Homes & Gardens* magazine. More than 47% of those taking part in this year's survey said they had children in school, compared with 37.7% in last year's survey.

The survey was taken of a panel of 426 consumers who are readers of *Better Homes & Gardens*. Although as a group these consumers have a slightly higher household income than the national average, most of the conclusions, which can be drawn from the survey, including those about changing attitudes of parents, are based on a comparison with a survey taken a year earlier of the same type of consumer.

Today's parent: More important than simply documenting the rise in the number of school age children, the survey sketches a picture of today's parent—an individual who is older than his counterpart of several years ago, better educated, more affluent, and, most important, more willing to spend money on his children.

The survey showed that the average age of the parent has risen in just one year, no doubt as more baby boomers, after having delayed parenting, start to build families. According to the survey, 71.2% of those parents with school age children are now between the ages of 35

Today's parent, at all income levels, is spending more on back to school supplies.



and 49, compared with just 60% which fell into that age group in the previous year's survey.

This older parent is clearly good news for retailers because he is also generally a more affluent parent, one better established in his career, as the poll points out. More than 50% of those with yearly family incomes of $50,000 or more now have school age children. That is a 9% gain over the finding in the previous survey.

With that kind of increase in the number of parents at the more affluent end of the spectrum, it is not surprising that the poll found parents willing to spend more than ever before on their children. The average amount of money that those surveyed doled out on BTS merchandise last year was $307.29. Those earning more than $50,000 a year spent about one and a half times that much, $456.56.

New attitudes: Particularly noteworthy about the responses to this section of the survey was the way they seemed to indicate new attitudes on the part of parents toward their children. In general, parents in all income classes said they were more willing to spend more on their children's BTS needs than parents in the same income categories a year ago. Consider these findings:

- In the 1983 survey, just 2.7% of those making more than $50,000 a year said they were going to spend $1,000 or more on BTS. In this year's survey a whopping 18% intended to dole out at least $1,000.
- In 1983 just 1.8% of those with household incomes of between $35,000 and $50,000 spent $1,000 or more. The next year 9.3% spent at least that much.
- Even households with incomes between $25,000 and $35,000 a year participated in the boom. An impressive 7.2% of these households reported spending at least $1,000 on BTS merchandise, compared with a paltry 1.6% in 1983.

It wasn't just in the rarefied atmosphere of $1,000 or more that differences were apparent. Even the number of parents willing to spend at least $400 rose considerably, from just 14.4% in 1983 to 21.5% in the following survey.

Buying patterns: Although this new parent may be older and more affluent, he isn't about to alter his buying patterns much. The survey found that traditional BTS categories still get roughly the same percentage of spending that they used to receive. Only a few product categories which don't account for much of the school market seemed in danger of losing much share.

January, the second BTS season, continues to generate business.

Parents spend more on BTS

BTS $$$	All respondents		$25,000-$34,999*		$35,000-$50,000*		$50,000 or more*	
	1983	1984	1983	1984	1983	1984	1983	1984
Under $100	11.4%	16.9%	5.7%	13.8%	1.3%	9.3%	2.7%	4.0%
$100-$199	30.3	24.6	30.3	26.3	27.5	17.5	21.6	14.0
$200-$299	25.9	22.9	29.3	24.2	36.0	25.0	36.2	32.0
$300-$399	16.6	14.6	16.3	17.5	17.5	16.5	21.2	16.0
$400-$499	6.4	6.5	4.9	6.5	6.3	6.3	10.8	12.0
$500-$599	3.6	3.6	4.1	3.3	2.5	4.6	—	2.0
$600-$999	2.5	1.8	2.4	2.0	2.5	1.9	5.4	2.0
$700-$999	1.8	0.9	1.6	3.0	2.5	4.7	5.4	4.0
$1,000 or more	1.2	6.0	1.6	7.2	2.5	9.3	2.7	18.0
Don't know/ no answer	1.2	0.9	0.8	0.8	1.3	0.0	0.0	0.0

*Yearly household income
Source: Chain Store Age/Better Homes & Gardens

Apparel remained by far the most important category, accounting for 56% of BTS purchases this year, compared with 56.1% in 1983. The affluent parent, however, isn't likely to spend a larger share of BTS cash on apparel than those with more modest incomes.

Shoes remained the second most important category. They accounted for about 19% of spending, compared with 21% last year.

The boom in BTS may not extend itself to school supplies. Although the category remains third in terms of percentage of total expenditures, its share slipped from 12.4% in 1983 to 10.9% in 1984, and parents at all income levels indicated they would spend less in the category this year.

What must be particularly disturbing to the stationery buyer is that nearly 71% of those surveyed said they allocated 10% or less, that is, only $30 or less, to school supplies. Clearly, the low margin, highly competitive nature of the paper, notebook and writing instrument market is not about to change soon.

Several other categories showed significant declines in their share of the BTS dollar. Most notable was consumer electronics. Although it gained 3.6% of spending back in 1983, last year's share dropped to a dismal 0.36%. That poor showing was in part due to steep drops in the price of calculators, a key electronics school item, but was also attributable to the failure of the home computer and its software to emerge as a truly significant part of the school market. □

Sales lacking holiday spirit

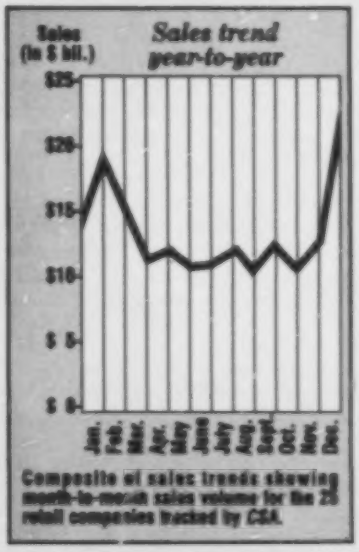
A last minute spending spree in the three days immediately before Christmas saved major retailers from a holiday disaster, but heavy markdowns plagued the season. Earnings for the fourth quarter will be below plan for most retailers, with some posting decreases.

The 25 chains tracked by *Chain Store Age* marked December sales 9.5% above last year. Volume for the near complete 11-month-old fiscal year stands 10.9% ahead of 1983.

J. C. Penney led the Big 3 catalog chains, with sales up 6.8% for the month. Sears posted a modest 4.7% gain, while Montgomery Ward reported sales even with last December.

Amid a lackluster month, though, the department stores turned in the best overall sales gains. Carter Hawley Hale marked sales up 15% for December, May Department Stores gained 11% and Federated 10.3%.

If there was bad news at Christmas, it didn't hit K mart. The nation's second largest retailer saw volume jump 17.1% overall and 12.4% on a store-for-store basis. Wal-Mart recorded a 33% sales increase for the month and same-store results up, 11%. December marked the first time in recent memory that K mart's comparable-store results outpaced Wal-Mart.



Composite of sales trends showing month-to-month sales volume for the 25 retail companies tracked by CSA.

Christmas sales not so jolly

Major chains	% change	Dec. Sales* 1984	Dec. Sales* 1983	Stores 1984	Stores 1983	11-mo. sales* 1984	11-mo. sales* 1983	% change
Sears[1]	+ 4.7	3,425,211	3,272,035	873	887	21,974,829	20,816,571	+ 5.6
Penney	+ 6.8	2,275,000	2,130,000	2,014	2,032	11,660,000	10,370,000	+12.4
Ward[2]	+ 0.1	1,026,619	1,025,422	366	375	6,121,243	5,681,005	+ 7.7
Federated[3]	+ 9.5	1,444,700	1,319,300	451	546	7,434,300	6,729,600	+10.5
Dayton Hudson	+15.8	1,468,105	1,267,543	1,143	1,083	7,149,013	6,181,027	+15.7
May Dept. Stores	+10.5	861,900	777,700	1,839	1,559	4,449,200	3,950,300	+12.6
R. H. Macy	+10.6	827,100	748,100	96	93	4,060,500	3,636,600	+ 8.9
Allied Stores	+ 4.9	707,900	674,700	600	572	3,735,400	3,447,600	+11.7
Carter Hawley Hale	+15.0	716,500	623,200	268	243	3,582,500	3,012,000	+18.9
Associated Dry Goods	+ 8.7	747,400	687,300	333	331	3,802,000	3,365,000	+13.0
Marcantile	+ 6.9	317,299	296,802	79	85	1,604,847	1,513,057	+ 6.1
K mart[4]	+17.1	3,585,604	3,063,122	2,174	2,167	19,584,904	17,533,317	+11.7
Woolworth	+ 3.4	971,111	939,247	N/A	N/A	5,366,560	5,125,149	+ 4.7
Wal-Mart	+33.0	932,000	701,000	752	645	5,974,000	4,336,000	+37.8
Household Merch.[5]	+ 0.9	682,625	676,669	3,674	3,843	5,042,428	4,936,367	+ 2.2
T.G. & Y.	+ 6.7	354,441	332,104	743	812	1,914,580	1,884,792	+ 1.6
Zayre[6]	+16.2	547,846	471,540	848	750	2,975,702	2,493,025	+19.4
Bradlees	+11.2	278,000	250,000	132	127	1,325,000	1,123,000	+18.0
Murphy	— 0.7	151,263	152,294	385	406	855,048	827,352	+ 4.0
Rose's	+ 8.9	154,946	142,340	295	245	876,238	790,108	+10.9
Rock's	+ 1.8	67,500	66,300	126	122	442,100	421,059	+ 5.0
Jamesway	+12.0	85,921	76,706	85	78	448,801	399,209	+12.4
Melville	+ 9.8	718,714	654,620	5,911	5,747	4,191,262	3,701,534	+13.2
Tandy	— 0.2	414,275	415,065	N/A	N/A	1,491,034	1,473,469	+ 1.2
Edison Bros.	—10.5	128,680	143,700	2,327	2,166	991,677	965,681	+ 2.7
The Gap	+ 7.3	105,600	98,400	628	569	493,400	451,000	+ 9.4
Total & Averages	+ 9.5	22,641,743	20,673,105	—	—	125,631,977	113,314,010	+10.9

'000 omitted. N.C. = no change. N/A = not available.
[1]Store number for full-line outlets only. [2]Includes 2,745 franchise stores (vs. 2,819 a year ago). [3]Includes Von's and T.G. & Y. sales. [4]Includes 290 Zayre stores (vs. 275 a year ago), 402 Hit or Miss stores (vs. 357) and 156 T. J. Maxx stores (vs. 118). [5]Excludes supermarket sales. [6]Includes results from Sears Canada. [7]Store count includes K mart stores only.

Sears to pose threat to banks

Sears will be a competitive threat to banks in 1990, according to an Egon Zehnder survey of 2,235 ceos of all commercial banks in the United States with assets over $100 million. The Atlanta, Ga.-based management consultant firm's poll shows that the bankers consider Sears the most respected nonbank competitor for the future.

Fully 93% of the ceos said that Sears would be a major competitive threat to their markets in 1990, compared with 83% who cited Merrill Lynch and 77% who answered American Express.

K mart, which was not mentioned by a single ceo in last year's poll, jumped to sixth place with 24%, behind Prudential-Bache at 38% and E. F. Hutton at 27%.

Strong December aids Weiboldt

While other retailers struggled to meet sales plans for December, Weiboldt Stores exceeded plan by 45%.

The Chicago-based retailer posted a 17.5% increase to $36.5 million. The increase came without benefit of new stores. Weiboldt operates 13 moderately priced department stores.

The chain is in the midst of a turnaround. David C. Keller, pres./ceo, predicts losses for the year will be reduced to about $1.5 million vs. $3.5 million in '83.